

**GOVERNMENT OF TELANGANA  
ABSTRACT**

Industries & Commerce Department - Additional Incentives under Employment Policy to New Industries providing local employment under T-IDEA and T-PRIDE Schemes - Local Employment Policy and Operational Guidelines for implementing the Employment Policy - Issued.

-----

**INDUSTRIES AND COMMERCE (IP&INF) DEPARTMENT**

G.O.Ms.No. 20

Dated: 13-11-2020

Read the following:-

1. G.O.Ms. No.28 Industries &Commerce(IP&INF) Dept. dated.29-11-2014
2. G.O.Ms. No.29 Industries &Commerce(IP&INF) Dept. dated.29-11-2014
3. G.O.Ms. No. 62 Industries &Commerce(IP&INF) Dept. dated.08-09-2015
4. G.O.Ms. No.77 Industries &Commerce(IP&INF) Dept. dated.09-10-2015
5. G.O.Ms. No.78 Industries &Commerce(IP&INF) Dept. dated.09-10-2015
6. G.O.Ms. No. 52 Industries &Commerce(IP&INF) Dept. dated.28-03-2019

\*\*\*\*\*

**ORDER**

In the G.O. 1<sup>st</sup> & 2<sup>nd</sup> read above, Government have issued orders for providing incentives/benefits to all eligible new industrial enterprises set up in the State which commence commercial production on or after 01/01/2015 but before 31-03-2019 under T-IDEA (Telangana State Industrial Development and Entrepreneur Advancement) and T-PRIDE (Telangana State Programme for Rapid Incubation of Dalith Entrepreneurs) Incentive Scheme 2014.

2. In the G.O, 3<sup>rd</sup> read above, the Government have notified the ineligible list of Industries/ Activates under T-IDEA (Telangana State Industrial Development and Entrepreneur Advancement) incentive Scheme, 2014.

3. In the G.Os 4<sup>th</sup> & 5<sup>th</sup> read above, the Government have issued operational guidelines for implementation of T-IDEA and T-PRIDE Incentive Schemes, 2014.

4. In the G.O.6<sup>th</sup> read above, the Government have issued orders continuing the operational period of the incentives schemes i.e., T-IDEA and T-PRIDE schemes, until further orders.

5. Government, has taken a decision to evolve a Local Employment Policy providing additional incentives to the New Industries providing a stipulated minimum % of local employment under T-IDEA and T-PRDE Scheme and hereby issue the operational guidelines for implementation of the scheme of additional incentives to industrial enterprises for providing local employment to encourage the industries to provide more employment to the local candidates.

6. The Commissioner of Industries, Hyderabad shall take necessary further action in the matter accordingly.

**(BY ORDER AND IN THE NAME OF THE GOVERNOR OF TELANGANA)**

**JAYESH RANJAN**

**PRINCIPAL SECRETARY TO GOVERNMENT & CIP (FAC)**

To

The Commissioner of Industries, Telangana, Hyderabad.

The Vice Chairman & Managing Director, Telangana State Industrial Infrastructure Corporation Limited, Hyderabad

The VC & Managing Director, Telangana State Industrial Development Corporation, Hyderabad.

The Managing Director, Telangana Pradesh State Finance Corporation, Hyderabad.

(P.T.O.)

:2::

**Copy to:**

The Finance (EBS.VII) Department  
The Revenue (CT/LA/Registration) Department.  
The Irrigation & CAD (Reforms) Department  
The Energy Department.  
The LET & F (Employment) Department.  
The Law Department.  
The Scheduled Caste Development Dept.  
The Tribal welfare Dept.,  
The Y.A. &T.C. Dept.  
The Accountant General, Hyderabad  
The Convener, State Level Banker's Committee,  
Andhra Bank Head Office, Secretariat Road, Saifabad, Hyderabad - 500 004.  
The General Manager, Small Industry Development Bank of India, (SIDBI), Hyderabad.  
The Pay and Accounts Officer, Hyderabad  
The Director of Treasuries and Accounts, Hyderabad.  
All District Collectors through Commissioner of Industries, Hyderabad.  
All Heads of Departments through Commissioner of Industries, Hyderabad.  
All Govt. Companies/Corporations through Commissioner of Industries, Hyderabad.  
The P.S. to Principal Secretary to Chief Minister.  
The PS to Minister for Industries.  
The P.S. to Chief Secretary to Government.  
All Private Secretaries to the Ministers.  
All General Managers, District Industries Centre  
through Commissioner of Industries, Hyderabad.  
SF/SC (C.No.1739/IP&INF/A1/2020)

//FORWARDED::BY ORDER//

SECTION OFFICER

## APPENDIX

(G.O.Ms.No. 20 , Industries and Commerce (IP&INF) Department, dt.13.11.2020)

### **POLICY AND OPERATIONAL GUIDELINES FOR IMPLEMENTATION OF EMPLOYMENT POLICY PROVIDING ADDITIONAL INCENTIVES TO NEW /SUBSTANTIAL EXPANSION /DIVERSIFICATION INDUSTRIES UNDER T-IDEA AND T-PRIDE SCHEME, 2014 FOR PROVIDING LOCAL EMPLOYMENT.**

The Industrial Policy of Telangana focused on core manufacturing sectors, with the creation of employment for urban and rural youth and adding value to existing skills emphasised at all stages. The Industrial Policy Framework has a mandate of “Minimum Inspection and Maximum Facilitation” for departments that have a responsibility in the industrialization of the State. It emphasizes on effective Industrial Clearance mechanism which functions at three levels - Mega Projects, Large Industries and SMEs. Government of Telangana has prioritized creating jobs for locals as a key outcome of in the new policy.

2. The new industrial policy gave major emphasis for Creation of Quality Infrastructure, promotion of Manufacturing Investment Zones and Industrial Corridors, special focus on MSMEs, growth enabling incentives to create a level playing field, to tap the potential of ever expanding service sector related to industrial activity, fostering industrial clusters, promotion of anchor industries for creation of ancillary base, Capacity building and skill upgradation, inclusive development to build competency in Women and Scheduled Caste & Scheduled Tribe Entrepreneurs, Quality Competitiveness, Export Promotion, promotion of cleaner technology, leveraging existing strengths for value addition, special focus on thrust sectors, revitalization of MSMEs.

3. Government of Telangana has enacted the Telangana State Industrial Project Approval and Self-Certification System (TS-iPASS) Act, 2014” (Act No.3 of 2014) for speedy processing of applications for issue of various clearances required for setting up of industries at a single point based on the self-certificate provided by the entrepreneur and also to create investor friendly environment in the State of Telangana. The clearances are issued within fixed time limits and the applicants have the right to clearances. Till date 12740 numbers of units with Rs. 200338.03 Cr. investment and 1431117 employment were accorded approvals under TS-iPASS. Out of these 9746 number of units have commenced commercial operation and the rest are in various stages of implementation.

4. The Government considering the competitive advantages the State can have, given its geographical location, available resources and skill-base, raw material availability, existing manufacturing practices, and expertise and identified 14 sectors as thrust areas viz., Life Sciences, ITE&C, Engineering, Aerospace, Food Processing, Automobiles, Textile & Leather, Plastics, Glass & Ceramics, FMCG, Gems & Jewellery, Renewable Energy, Mineral & Wood, Logistics etc.

5. Government of Telangana has launched Industrial Incentive Schemes under the title T-IDEA and T-PRIDE scheme and the eligible Industrial Enterprises which are operationalised during the operational period of the schemes were being provided fiscal benefits covering the categories of (a) Micro/Small Enterprises (b) Medium Enterprises & Large Industries (c) Women Entrepreneurs.

6. One of the objectives of the industrial policy was also to attract investments to empower the local people by skill development, employment generation, strengthen the economic wellbeing and improve overall standard of living of local people and Government of Telangana have been providing the incentives for skill up gradation @50% of the cost involved upto Rs.2000 per person under T-IDEA and T-PRIDE Schemes. Government also have setup Telangana Academy for Skill and Knowledge (TASK) to facilitate quality manpower to be readily employed in Industries.

(P.T.O.)

7. However, suggestions have been received that we need to come up with an innovative policy that would make employment of the locals a more attractive option than hiring non-locals for industries and such an innovative and collaborative policy approach shall bring sustained and long-term dividends. Considering the above, there is a need for establishing standards for the concept of local employment in order to ensure the industries provide employment to the locals. The industries established in the state need to be facilitated with the employable local manpower through synergy between the Government, Industry and the academia.

8. Government of Telangana, has evolved an innovative way for a favourable environment to ensure that the local youth are trained in industry specific training programs to increase their employability and that employing them seems attractive and acceptable to the industries.

#### DEFINITIONS:

1. COMMENCEMENT AND DURATION.

The Scheme will be in operation from the date of notification of the policy till the end of operational period of T-IDEA and T-PRIDE Schemes, with such further modifications as may be brought from time to time.

2. CLAIM PERIOD UNDER THE LOCAL EMPLOYMENT POLICY:

Claim period for the units which commenced commercial production during the operational period of Local Employment Policy is 5 years from the date of commencement of commercial production.

3. OPERATIONAL PERIOD OF THE POLICY:

The Employment Policy covers extending the additional incentives / benefits to all eligible New/Substantial expansion/Diversification of the units engaged in **manufacturing activity** in the whole State of Telangana with area of operation of the industrial enterprise as envisaged in respective Schemes of T-IDEA and T-PRIDE from the Date of commencement of commercial production (DCP) of the unit during this policy period for a period of 5 years.

If a unit commences commercial production during the operational period of this policy, but fulfilled the condition of local employment at a later period, it would be entitled for the additional incentives for the incentive claim period leftover within 5 years from the DCP of the unit, subject to fulfilling the operational guidelines under this scheme and also under T-IDEA and T-PRIDE Schemes.

4. DEFINITION OF MSME AND LARGE INDUSTRY:

Definition of the Micro, Small, Medium Enterprise is as defined and subsequently amended in the T-IDEA and T-PRIDE Schemes. Large Industry means an industry in which the investment on plant and machinery is above Medium Enterprises as defined and amended in the T-IDEA and T-PRIDE Scheme.

5. CATEGORY OF THE INDUSTRY/ENTERPRISE:

The eligible New Industry /Existing Industry with Substantial Expansion/ Diversification under this policy is categorised as follows:

The Substantial Expansion/Diversification units are those units which complied the Expansion/Diversification conditions laid down in the operational guidelines of T-IDEA/T-PRIDE Scheme.

Category-I:

The new manufacturing Industry or a substantial expansion / diversification unit of the existing industry employed local candidates as mentioned below:

- 70% Semi-skilled Manpower should be locals
- 50% Skilled Manpower should be locals

**Category-II**

The new manufacturing Industrial Enterprise/Industry or a substantial expansion / diversification unit of the existing industry employed local candidates as mentioned below:

- 80% Semi-skilled Manpower should be locals
- 60% skilled Manpower should be locals

**6. LOCAL CANDIDATE:**

- Local candidate means a candidate who is local to the state of Telangana
- A candidate shall be given local status if he/she has studied for at least 4 years in Telangana from 1<sup>st</sup> class to 7<sup>th</sup> class or a person who have resided in Telangana for at least 7 years prior to the date of employment (Study Certificate or Residence Certificate to be submitted as proof)
- The Employee should possess a valid Aadhaar card
- Skilled and Semiskilled manpower and their wages will be as defined by Government in Labour Department from time to time.

**7. ADDITIONAL INCENTIVES OFFERED IN THE SCHEME:**

Additional Incentives are the incentives offered to the new/substantial expansion/diversification Micro, Small, Medium Enterprises and Large Industries meeting with the local employment categorization of the employment policy, and over and above the incentives offered under T-IDEA and T-PRIDE Schemes.

The Additional Incentives offered in this policy will not be applicable to the Mega Projects that availed customized incentives on these incentive categories.

**(A) Additional Incentives for Category -I Industries:**

**(I) Reimbursement of Net VAT/CST/SGST:**

- (i) All eligible, new / expansion /diversification Medium Enterprises and Large Industries will be provided with an additional 5% net VAT/CST or net State Goods and Services Tax (SGST) for a period of 5 years over and above the net VAT/CST/ or net State Goods and Services Tax (SGST) reimbursement available under T-IDEA /T-PRIDE Scheme limited to Rs.5.00 lakhs per annum for medium enterprises and Rs.10.00 lakhs per annum for Large Industries for a period of 5 years from the date of commencement of production.
- (ii) However, the total reimbursement of Net VAT/CST/SGST including the additional incentives extended to the unit will be limited up to the realization of 100% of eligible fixed capital investment or 7 years period from the DCP whichever is earlier.

**(II) Power Cost Reimbursement**

- (i) All eligible new / expansion /diversification Micro and Small Enterprises will be provided with an additional Power Cost reimbursement @ Rs. 0.50 per unit for 5 years from the date of commencement of production.
- (ii) All eligible new / expansion /diversification Medium Enterprises and Large Industries, will be provided with an additional Power Cost reimbursement @ Rs. 0.75 per unit for 5 years from the date of commencement of production.

**(III).Investment Subsidy:**

All eligible new /substantial/diversification expansion Micro and Small Enterprises will be provided with an additional Investment Subsidy of @5% of the Fixed Capital Investment limited to 5 lakhs.

(P.T.O.)

**(IV) Cost involved in skill upgradation:**

- (i) All eligible new /substantial expansion /diversification Micro, Small, Medium Enterprises and Large Industries will be provided with reimbursement of cost involved in skill upgradation of local manpower @ 50% limited to Rs.3000 ( in addition to 50% available limited Rs.2,000 available under T-IDEA / T-PRIDE Scheme) per person for one time training.
- (ii) All eligible new /substantial expansion /diversification Small, Medium and Large Industries will be provided with reimbursement of cost involved in skill upgradation of local manpower @ Rs.2500 per person for follow up training of the same person after 12 months by the same industrial unit.

**(B).Additional Incentives for Category -II Industries:**

**(I) Reimbursement of Net VAT/CST/SGST:**

- (i) All eligible new /substantial expansion/diversification Medium Enterprises and Large Industries will be provided with an additional 10% net VAT/CST or net State Goods and Services Tax (SGST) for 5 years over and above the net VAT/CST/ or net State Goods and Services Tax (SGST) available under T-IDEA /T-PRIDE Scheme limited Rs.10.00 lakhs per annum for medium enterprises and Rs.20.00 lakhs per annum for Large Industries for a period of 5 years from the date of commencement of production.
- (ii) However, the total reimbursement of Net VAT/CST/SGST including the additional incentives extended to the unit will be limited up to the realization of 100% of eligible fixed capital investment or 7 years period from the DCP whichever is earlier.

**(II) Power Cost Reimbursement**

- (i) All eligible new /substantial expansion/diversification Micro and Small Enterprises will be provided with an additional Power Cost reimbursement @ Rs. 1.00 per unit for 5 years from the date of commencement of production.
- (ii) All eligible, new /substantial expansion/diversification Medium Enterprises and Large Industries will be provided with an additional Power Cost reimbursement @ Rs. 1.00 per unit for 5 years from the date of commencement of production.

**(III) Investment Subsidy:**

All eligible, new / substantial expansion/diversification Micro and Small Enterprises will be provided with an additional Investment Subsidy of @10% of the Fixed Capital Investment limited to Rs.10 lakhs.

**(IV). Cost involved in skill upgradation:**

- (i) All eligible new /substantial expansion /diversification Micro, Small, Medium Enterprises and Large Industries will be provided with reimbursement of cost involved in skill upgradation of local manpower @ 50% limited to Rs.3000 ( in addition to 50% available limited Rs.2,000 available under T-IDEA / T-PRIDE Scheme) per person for one time training.
- (ii) All eligible new /substantial expansion /diversification Small, Medium and Large Industries will be provided with reimbursement of cost involved in skill upgradation of local manpower @ Rs.2500 per person for follow up training of the same person after 12 months by the same industrial unit.

8. The above incentives will be made applicable to all eligible new / substantial expansion/diversification manufacturing Industrial Enterprises which commence operations during the policy period stated supra, subject to fulfilling the following conditions:

- (i) Minimum employment should be 25 persons up to Rs.10.00 Crs of investment in Plant & Machinery. In case of investment over and above

(Contd..P.5)

Rs.10.00 Crs, the minimum employment shall increase at the rate of 3 persons per Rs.1.00 Cr investment.

- (ii) All employees should be on company payrolls with EPF and ESI registrations. Contract Employees and outsourced employees will not be considered.
- (iii) The local criteria shall be as stated at Para 6.
- (iv) The Employer shall furnish an undertaking on a notarized affidavit that he will comply with all conditions in Employment Policy and also adhere to employing the minimum number of local employees and their category as stated in the Detailed Project Report (DPR) of the unit and also abide to pay the wages entitled as per existing Government norms.
- (v) The Industrial Enterprise should submit a self certified employment return with the details of the local candidates employed such as Aadhar Card and documents as a proof of their local status along with the every incentive claim for a period of 5 years from the date of commencement of production, and the same shall be verified by the General Manager, District Industrial Centre concerned before making recommendation for sanction of additional incentives to the unit.
- (vi) The Industrial Enterprise should submit an affidavit stating that the local employment criteria will be maintained by the industry till 5 years from the date of commencement of production, otherwise the incentives sanctioned under the category are liable for recovery by the Government.
- (vii) The Additional Investment Subsidy to the Micro and Small Enterprises will be computed on the investment made in the **Eligible Fixed Capital**.
- (viii) If any Industrial enterprise shifts the status from Category I to Category II and vice versa during the policy period, the eligible incentives will be extended as per the category prevailing during the balance period i.e, upto the end of 5<sup>th</sup> year from the DCP.
- (ix) The incentives are applicable to the eligible line of activities as envisaged in T-IDEA Scheme and T-PRIDE Schemes.
- (x) Procedure for claiming various incentives offered under the Scheme would be as envisaged in the respective T-IDEA Scheme and T-PRIDE Schemes applicable to the Claimant Industrial Enterprise.
- (xi) Filing of Claim application, Time and periodicity of filing, Inspection procedure, Sanction/rejection and release of Incentives etc., would be done as per the guidelines envisaged in the T-IDEA /T-PRIDE Scheme.
- (xii) All the units claiming additional incentives under this policy shall be governed by the operational guidelines of T-IDEA / T-PRIDE Scheme.

## **9. INTERPRETATION:**

When any matter arises for the purpose of interpretation on which State Level Committee (SLC) could not take a decision or in case where any suggestions are made outside the scope of SLC in regard to implementation of this scheme, such matters shall be referred to the Government in Industries & Commerce Department, Government of Telangana and the decision of the Government shall be final. The Government will issue all necessary amendments/orders and also may also review and modify the announced incentives from time to time.

**JAYESH RANJAN**  
**PRINCIPAL SECRETARY TO GOVERNMENT & CIP (FAC)**